

METSWEDING DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 25, in terms of Section 126(1) of the Municipal Finance Management Act, 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 13 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Nava Pillay
Municipal Manager
29 August 2008

**METSWEDING DISTRICT MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008**

EXECUTIVE MAYOR

Councillor A. Mlondobozi

SPEAKER OF THE COUNCIL

Councillor R. Sibanyoni

MEMBERS OF THE MAYORAL COMMITTEE

Councillor S.J. Mabona
Councillor J.M. Masango
Councillor R.N. Seoketsa

MEMBERS OF THE METSWEDING DISTRICT MUNICIPALITY

Councillor V.S. Botha
Councillor M.M. Chaba
Councillor J.H. Faul (w.e.f. 1 October 2007)
Councillor M.I. Janses van Vuuren (w.e.f. 1 October 2007)
Councillor H.A.M. Khan
Councillor C. Knox (until 30 September 2007)
Councillor S.P. Mabena (until 30 September 2007)
Councillor E.S. Mashiloane (w.e.f. 1 October 2007)
Councillor P.M. Moloi
Councillor N.E. Ntshabeleng (until 30 September 2007)
Councillor P. Pitseng
Councillor T.J. Rossouw
Councillor P.J.A. van der Merwe

MUNICIPAL MANAGER

Mr. C.A. Chikane (resigned 30 November 2007)
Mr. E.V. Sweeney (acting 1 December 2007 - 31 January 2008)
Mr. N. Pillay (appointed 1 February 2008)

CHIEF FINANCIAL OFFICER

Mr. E.V. Sweeney

GRADING OF THE LOCAL AUTHORITY

Grade 3 (2006 – Grade 4) for the purpose of the remuneration of councillors and grade 8 for the purpose of remuneration of officials.

AUDITORS

Auditor – General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

MEEC Building
287 Iridium Street
Ekandustria

POSTAL ADDRESS

Private Bag X10579
Bronkhorstspuit
1020

CONTACT DETAILS

Tel: (013) 933-3483/6/7
Fax: (013) 933-3566

METSWEDING DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		17 290 577	17 560 924
Government grant reserve		110 174	343 590
Accumulated Surplus/(Deficit)		17 180 403	17 217 334
Current liabilities		17 032 162	20 465 922
Provisions	3	125 220	322 957
Creditors	4	2 198 434	1 939 179
Unspent conditional grants and receipts	5	14 708 508	18 203 786
Total Net Assets and Liabilities		34 322 739	38 026 846
ASSETS			
Non-current assets		3 524 726	3 067 227
Property, plant and equipment	6	3 524 726	3 067 227
Current assets		30 798 013	34 959 619
Other debtors	8	669 435	518 339
Levy Debtors	7	0	214 038
Bank balances and cash	9	30 128 578	34 227 242
Total Assets		34 322 739	38 026 846

METSWEDING DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

		Actual	
	Note	2008 R	2007 R
REVENUE			
Regional Services Levies		118 358	2 534 626
Agency fee: medical services		0	6 414 750
Interest earned - external investments		3 552 992	2 731 672
Interest earned - outstanding levy debtors		0	1 480
Government grants and subsidies	10	29 012 576	23 268 453
Other income	11	308 505	1 043 101
Gains on disposal of property, plant and equipment			
Total Revenue		32 992 431	35 994 082
EXPENDITURE			
Employee related costs	12	12 055 169	16 467 585
Remuneration of Councillors	13	2 151 277	2 057 807
Bad debts		10 425	49
Depreciation		949 289	654 879
Repairs and maintenance		674 165	513 050
Regional services - Operational		7 048 418	5 075 535
Grants and subsidies paid - Capital	14	2 890 784	1 528 227
General expenses	18	7 367 120	8 957 477
Loss on disposal of property, plant and equipment	7	116 130	0
Total Expenditure		33 262 777	35 254 609
SURPLUS/(DEFICIT) FOR THE YEAR		-270 346	739 473
No segmental statement of financial performance has been prepared			
Refer to Appendix E(1) for comparison with the approved budget.			

METSWEDING DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre-GAMAP Old Reserves and Funds	Capital Replacement Reserve	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
2007					
Balance at 1 July 2007	2 235 313	-	-	14 792 067	17 027 380
Implementation of GAMAP (Note 16)	-2 235 313	1 438 532	630 111	-39 259	-205 929
Restated balance	-	1 438 532	630 111	14 752 808	16 821 451
Surplus/(deficit) for the year				739 473	739 473
PPE financed from CRR		-1 557 496		1 557 496	-
Transfers to CRR		118 964		-118 964	-
Offsetting of depreciation			-286 521	286 521	-
Balance at 30 June 2007	-	-	343 590	17 217 334	17 560 924
2008					
Surplus/(deficit) for the year				-270 346	-270 346
Asset disposals			-27 145	27 145	-
Offsetting of depreciation			-206 271	206 271	-
Balance at 30 June 2008	-	-	110 174	17 180 403	17 290 577

METSWEDING DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2 007 R
CASH FLOW UTILISED IN OPERATING ACTIVITIES			
Cash receipts: levy payments, government and other sources		26 007 103	35 041 102
Cash paid to suppliers and employees		-32 135 842	-39 530 610
Cash utilised in operations	17	-6 128 739	-4 489 508
Interest received		3 552 992	2 733 152
NET CASH UTILISED IN OPERATING ACTIVITIES		-2 575 747	-1 756 356
CASH FLOWS UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-1 522 917	-1 610 754
NET CASH UTILISED IN INVESTING ACTIVITIES		-1 522 917	-1 610 754
NET DECREASE IN CASH AND EQUIVALENT		-4 098 664	-3 367 110
Cash and cash equivalents at the beginning of the year		34 227 242	37 594 352
Cash and cash equivalents at the end of the year	18	30 128 578	34 227 242

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarized as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the policies to the annual financial statements.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4 RESERVES

1.4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on Government Grant Reserve equals the carrying value of the items of properties, plant and equipment funded from government grants.

When an item of PPE financed from government grants is disposed, the balance in the GGR relating to such items is transferred to the accumulated surplus/(deficit).

1.4.2 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life. Land and buildings were recognized as items of property, plant and equipment.

Accounting Policy for the 2006/07 financial year:

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year-end. No property was classified and disclosed as investment property.

Accounting Policy for the 2006/07 financial year:

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash-generating assets as well as cash-generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognized any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognizes its property as investment property when it is certain that it meets the definition of investment property.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Other

Buildings - 30

Motor vehicles - 5

Office equipment/computers - 3-5

Furniture and fittings - 3-7

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

1.6 INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Accounting policy for 2006/07 financial year:

No impairment testing of assets is done to determine impairment losses that should be recognized as an expense in the period that the impairment is identified

Accounting policy for 2007/08 financial year:

The municipality does not test for impairment of assets as it is exempted from IAS 36 (AC128) in entirety.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.7 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.8 TRADE CREDITORS

Trade creditors are stated at their nominal value.

1.9 REVENUE RECOGNITION

9.1 Revenue from Exchange Transactions

Interest and rentals are recognized on a time proportion basis.

9.2 Revenue from non-exchange transactions

Revenue from Regional Services Levies, both those based on turnover as well as those based on remuneration, is recognised on receipt basis.

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof is virtually certain.

1.10 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.11 PROVISIONS

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

1.12 CASH AND CASH EQUIVALENTS

Cash is cash on hand and cash with banks. Cash equivalents are all short-term liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in financial instruments and net of bank overdraft.

1.13 UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 COMPARATIVE INFORMATION

1.16.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current year only.

1.16.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.17 LEASES

Accounting policy for 2006/07 financial year:

Operating lease payments are recognized on the basis of the cash flows in the lease agreement.

Accounting policy for 2007/08 financial year:

Exempted from recognizing operating lease payments on a straight-line basis if the amounts are recognized on the basis of the cash flows in the lease agreement (IAS 17 (AC 105))

1.18 RETIREMENT BENEFITS

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement plans are recognised as an expense when employees and councillors have rendered the employed service or served office entitling them to the contribution.

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. EXEMPTIONS FROM MUNICIPAL MANAGEMENT ACT IN 2006/2007 AND 2007/2008

Sid. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General Notice 552 of 2007	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 03	Accounting policies, changes in accounting estimates and errors	<p>Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31). A list of these standards is as follows:</p> <p>GRAP 4 The Effects of Changes in Foreign Exchange Rates</p> <p>GRAP 5 Borrowing Costs</p> <p>GRAP 6 Consolidated AFS</p> <p>GRAP 7 Associates</p> <p>GRAP 8 JV's</p> <p>GRAP 9 Revenue</p> <p>GRAP 10 Financial Reporting in Hyperinflationary Economies</p> <p>GRAP 11 Construction Contracts</p> <p>GRAP 12 Inventories</p> <p>GRAP 13 Leases</p> <p>GRAP 14 Events After the Reporting Date</p> <p>GRAP 16 Investment Property</p> <p>GRAP 17 Property, plant and equipment</p> <p>GRAP 18 Segment Reporting</p> <p>GRAP 19 Provisions, Contingent Liabilities and Contingent Assets</p> <p>GRAP 100 Non Current assets held for sale</p> <p>GRAP 101 Agriculture</p> <p>GRAP 102 Intangible Assets</p>	Y	<p>The following GRAP standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below.</p> <p>GRAP4,6,7,8,9,12,17 AND 19</p> <p>Currently the municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS.</p> <p>GRAP 5 Borrowing Costs. Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the municipality.</p> <p>The municipality does not have municipal entities The municipality did not invest in an associate Them municipality did not enter into a Joint Venture</p> <p>GRAP 10 and 11. The municipality does not have these types of transactions.</p> <p>GRAP 13, 14, 16, 18, 100, 101 and 102. The municipality adheres to the requirements of the comparable GAAP standards, if applicable, except for the exemptions adopted as set out below per standard.</p>	<p>Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards.</p> <p>A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing.</p> <p>No adjustment required. No adjustment required. No adjustment required.</p> <p>No adjustment required.</p> <p>See adjustments required as per relevant sections of this document set out below.</p>
		Changes in accounting policies (GRAP 3.14, 19)	Y	No action plans are required. Where it is practicable to do so, all changes in accounting policy are dealt with by the municipality retrospectively and disclosed as such in accordance with the requirements of GRAP 3.	No adjustments to the AFS are required.
GAMAP 09	Revenue	Initial measurement of fair value; discounting all future receipts using an imputed rate of return (GAMAP 9.12 and SAICA circular 9/06)	Y	<p>In terms of GAMAP 9 revenue is measured at the fair value of the consideration received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable.</p> <p>The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods from the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.</p>	No adjustments to the AFS are required.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.	Y	Currently the municipality does have land and buildings that will be sold within the next twelve months as inventories. No implementation plan needs to be executed to ensure compliance with GAMAP 12.	No adjustments will need to be made to the AFS to comply with accounting for inventories land and buildings in terms of GAMAP 12:
		The entire standard as far as it relates to water stock that was not purchased by the municipality.	N/A	The municipality does not provide water service.	<p>The following adjustments will need to be made to the AFS to comply with accounting for purified water in terms of GAMAP 12:</p> <p>None</p>
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 71, 77)	Y	<p>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the remaining useful life of all items of PPE as reflected for assets under their control per the FAR is realistic.</p> <p>2) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</p> <p>3) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</p>	<p>The following adjustments will need to be made to the AFS if the review of useful lives of PPE result in a change in estimate.</p> <p>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively.</p> <p>2) A note on the change in estimate will be disclosed if the change in estimate is material.</p>
		Review of depreciation method applied to PPE recognised in the annual financial statements(GAMAP 17.62, 77)	Y	<p>1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the depreciation method used to depreciate all items of PPE as reflected as being under their control per the FAR is realistic.</p> <p>2) CFO to review the depreciation method used to depreciate different classes of assets annually to assess its applicability for each class of asset.</p> <p>3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end.</p> <p>4) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.</p>	<p>The following adjustments will need to be made to the AFS if the review of depreciation methods of PPE results in a change in estimate.</p> <p>1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively</p> <p>2) A note on the change in estimate will be disclosed if the change in estimate is material.</p>
		Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) - (vi))	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <ul style="list-style-type: none"> ➤ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➤ Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➤ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life in the fixed asset register. ➤ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life. ➤ Show that they are not performing according to their specifications or according to industry accepted norms. <p>2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</p> <p>1) The carrying amount of PPE will be reduced.</p> <p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p> <p>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</p> <p>5) Adhering to all disclosure requirements.</p>
		Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) – (vi))	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <ul style="list-style-type: none"> ➤ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➤ Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➤ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life in the fixed asset register 	<p>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</p> <p>1) The carrying amount of PPE will be reduced.</p> <p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p>

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

				<p>➤ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.</p> <p>➤ Show that they are not performing according to their specifications or according to industry accepted norms.</p> <p>Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</p> <p>5) All disclosure requirements as required by IAS 36.</p>
IAS 11 AC 109	Construction contracts	Entire standard	Y	<p>The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.</p>	<p>The municipality does not enter into construction contracts, where assets are constructed with the purpose of realising a profit on construction activities. Therefore it is estimated that the application of IAS 11 by the municipality will not be necessary, as the municipality does not enter into transactions accounted for in terms of IAS 11.</p>
IAS 14 AC 115	Segment reporting	Entire standard	Y	<p>1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14.</p> <p>2) Determine the business and geographical segments of the municipality.</p> <p>3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa.</p> <p>4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.</p>	<p>The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met.</p> <p>The primary reporting format requires inter alia, disclosure of:</p> <p>1) Segment revenue for every reportable segment.</p> <p>2) Segment results for every reportable segment.</p> <p>3) Segment assets for every reportable segment.</p> <p>4) The total cost incurred during the period to acquire reportable segment long term assets.</p> <p>5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements.</p> <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in IAS 14 will also need to be disclosed in the AFS.</p>
IAS 17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.8 – 11)	Y	<p>1) The municipality must obtain copies of all existing current lease agreements.</p> <p>2) For each lease agreement the municipality must distinguish each lease as a Finance Lease or an Operating Lease.</p> <p>3) Assets held in terms of Finance Leases as defined in IAS 17 must be capitalised and subsequently depreciated and/or impaired.</p> <p>4) Operating Leases that have fluctuating payment arrangements must be identified and operating lease expenses that fall within this category must be straight-lined (smoothed).</p>	<p>The following adjustments will need to be made to the AFS if operating lease payments are straight lined as opposed to accounting for them based on cash flows:</p> <p>Currently, operating lease payments are accounted for based on the cash flows in the lease agreement and therefore the actual amount of lease instalments incurred per annum is recognised in the Statement of Financial Performance. Once straight lining is done the amount recognised in the statement of financial performance will be the average annual instalment calculated over the entire lifespan of the leaser. If the actual instalment in a year is more than the average instalment the difference will be shown either as a prepayment (debtor) in the AFS or if the actual instalments in a year are less than the average instalment the difference will be shown as an accrual (creditor) in the AFS.</p>
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))	Y	<p>1) The municipality must obtain actuarial valuation reports of all defined benefit plans.</p> <p>2) The valuations obtained in point 1 above will have to be studied and analysed to extract all the relevant information necessary for defined benefit accounting as set out in IAS 19.</p> <p>3) The necessary disclosures in terms of IAS 19 must still be performed.</p>	<p>No work had been done in terms of IAS 19 as of yet. Thus the full requirements and steps listed in the previous column must still be performed.</p>
IAS 20	Accounting for government grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 – 46.	Y	<p>1) Currently all conditional capital grants received for the purchase of PPE are accounted for in terms of the NT GRAP implementation guidelines dated June 2005 and also GAMAP 9.42 to 46.</p> <p>2) On receipt of a conditional capital government grant the amount is banked and reflected as a current liability called Unspent Conditional Grants and Receipts. Once the amount is spent in accordance with the grant conditions a transfer is made from the current liability to the Statement of Financial Performance equal to the amount that has been spent during the financial year in accordance with the grant conditions. Thereafter an equal amount is transferred from the Accumulated Surplus to the Government Grant Reserve (GGR) on the statement of Changes in Net Assets. Annually an amount is transferred from the serve to accumulated surplus equal to the amount of depreciation on assets funded from government grants.</p> <p>3) On the implementation of IAS 20, unbundled the GGR by transferring the balance to a deferred income account.</p> <p>4) For future depreciation charges in respect of assets that have a carrying amount equal to the deferred income account on the date of the unbundling of the GGR, ensure that an amount equal to the depreciation charge is transferred from deferred income to the Statement of Financial Performance.</p>	<p>1) Unbundle the balance on the GGR and transfer it to a deferred income account.</p> <p>2) Capital Grants utilised will no longer be transferred to a GGR via the Statement of Financial Performance and the Statement of Changes in Net Assets. Once an amount is utilised it will be transferred directly from the unspent capital conditional grant creditor to a creditor called deferred income. Therefore the GGR (Reserve) will be replaced by a creditor called deferred income.</p> <p>3) In future a transfer will be made from the deferred income account to the Statement of Financial Performance to annually offset the amount of depreciation in respect of assets funded from government grants. The GGR will no longer exist and therefore no transfer from the GGR to the accumulated surplus to offset depreciation will be made on the Statement of Changes in Net Assets.</p>
IAS 36 (AC 128)	Impairment of assets	Entire standard	Y	<p>1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that:</p> <p>➤ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end);</p> <p>➤ Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft);</p> <p>➤ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the fixed asset register.</p> <p>➤ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.</p> <p>➤ Show that they are not performing according to their specifications or according to industry accepted norms.</p> <p>2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.</p>	<p>The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:</p> <p>1) The carrying amount of PPE will be reduced.</p> <p>2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses.</p> <p>3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses.</p> <p>4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material.</p> <p>5) All disclosure requirements as required by IAS 36.</p>
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed	Y	<p>1) Ensure that all assets that meet the definition of an intangible asset and the recognition criteria for an asset are identified by scrutinising the FAR and capital purchases file.</p> <p>2) Ensure that all intangible assets identified are measured initially at their cost price.</p> <p>Examples of items which may meet the definition of an intangible asset in the municipal environment are:</p>	<p>The following adjustments will need to be made to the AFS if intangible assets are accounted for in terms of IAS 38:</p> <p>1) If any intangible assets are currently classified as part of PPE, then the application of IAS 38 will lead to a reclassification of these items as intangible assets, with a new line item called intangible assets being reflected on the Statement of Financial Position. This will result in the carrying amount of PPE and an increase in a new asset called intangible assets.</p>

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

				<ul style="list-style-type: none"> • A license fee for operating a tip site, where the fee grants to the municipality the right to operate the tip site for a period of longer than one year. <p>3) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of Intangible assets after initial recognition to deal with the accounting for subsequent expenditure, amortisation, review of useful lives of intangible assets retirements and disposals of intangible assets and internally generated intangible assets.</p>	<p>2) In future a new expense item will be reflected in the Statement of Financial Performance called amortisation, which reflects the amount of "depreciation" on the intangible assets for the year.</p> <p>3) If intangible assets have been incorrectly expensed in the past this can be regarded as a prior period error and should be corrected retrospectively by applying GRAP 3. This will lead to a restatement (increase) of the opening balance of the Accumulated Surplus Account as well as an increase in the Asset Value on the Statement of Financial Position of the municipality.</p> <p>4) An accounting policy note related to the accounting treatment of Intangible assets will need to be developed and disclosed.</p> <p>5) The municipality shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <p>(a) The useful lives or the amortisation rates used;</p> <p>(b) The amortisation methods used for intangible assets with finite useful lives;</p> <p>(c) The gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period;</p> <p>(d) The line item(s) of the Statement of Financial Performance in which any amortisation of intangible assets is included;</p> <p>(e) A reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(i) Additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;</p> <p>(ii) Any amortisation recognised during the period;</p> <p>6) The municipality shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.</p> <p>7) The municipality shall give a description of any fully amortised intangible asset that is still in use.</p> <p>8) The municipality shall also disclose the following:</p> <ul style="list-style-type: none"> • A description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements. • For intangible assets acquired by way of a government grant and initially recognised at fair value: <ul style="list-style-type: none"> (i) The fair value initially recognised for these assets; (ii) Their carrying amount; and (iii) Whether they are measured after recognition under the cost model or the revaluation model. • The amount of contractual commitments for the acquisition of intangible assets.
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)	Y	<p>1) The municipality must study the applicable sections of IAS 39.</p> <p>2) The fair values of these financial instruments will have to be determined, based on the type of financial instrument as per IAS 39.9.</p> <p>3) Discounting of certain financial instruments will have to be performed if the discounted value differs materially from its cost/ face value.</p>	<p>The full initial measurement of financial assets and liabilities will have to be recalculated and corrected retrospectively, is practicable. The previous column gives an indication of the extent of adjustment for full compliance with IAS 39.43, AG79, AG64 - AG65 and SAICA circular 9/06.</p>
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	Y	<p>1) Prepare a list of all possible names under which property belonging to the municipality could have been registered in the past.</p> <p>2) Perform a title deeds search using all these names mentioned in 1) above to identify all land and buildings under the control of the municipality.</p> <p>3) Compare the results of the title deeds search to the Fixed Asset Register and the Valuation roll and adjust the FAR to reflect all land and buildings under the control of the municipality.</p> <p>4) Value all land and buildings, which were previously not reflected on the FAR at fair value where historical cost prices and acquisition dates are unknown.</p> <p>5) Identify and reclassify as Investment Property (IP) all land and buildings reflected on the updated FAR meeting the definition of Investment Property as per IAS 40.</p> <p>6) Decide on an accounting policy for the subsequent measurement of IP i.e. cost price less accumulated depreciation or Fair Value.</p> <p>7) Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of IP after initial recognition to deal with the accounting for subsequent expenditure, disposal of IP, transfers of IP, Fair value increases etc.</p>	<p>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Fair Value.</p> <ul style="list-style-type: none"> • The criteria developed by the municipality to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations; • The methods and significant assumptions applied in determining the fair value of investment property. • The extent to which the fair value of investment property is based on a valuation by an independent valuer. • The amounts included in the statement of financial performance for: <ul style="list-style-type: none"> (a) Rental revenue from investment property; (b) Direct operating expenses arising from investment property that generated rental revenue during the period; and (c) Direct operating expenses arising from investment property that did not generate rental revenue during the period; (d) Fair value increases in IP <ul style="list-style-type: none"> • The existence and amounts of restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal; • Material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following <ul style="list-style-type: none"> (a) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalized subsequent expenditure; (b) Additions resulting from acquisitions through municipality combinations; (c) Disposals; (d) Net gains or losses from fair value adjustments; (e) Transfers to and from inventories and owner-occupied property; and (f) Other movements.
					<p>The following adjustments will need to be made to the AFS if IAS 40 is implemented and if IP is measured at Cost Price less accumulated depreciation.</p> <p>If the municipality elects to reflect all of its investment properties at cost less accumulated depreciation, ensure disclosure in the AFS of the following information, in addition to any relevant information required by the disclosure requirements relating to IP at fair value as set out above:</p> <ul style="list-style-type: none"> • The depreciation methods used; • The useful lives or the depreciation rates used; • The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; • A reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following (comparative information is not required): <ul style="list-style-type: none"> (i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalized subsequent expenditure; (ii) Additions resulting from acquisitions through municipality combinations; (iii) Disposals; (iv) Depreciation; (v) The amount of impairment losses recognized, and the amount of impairment losses reversed, during the period;

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

					<p>(vi) The net exchange differences arising on the translation of the financial statements of a foreign municipality;</p> <p>(vii) Transfers to and from inventories and owner – occupied property; and</p> <p>(viii) Other movements; and</p> <p>• The fair value of investment property. In the exceptional cases, when the municipality cannot determine the fair value of the investment property reliably, the municipality should disclose:</p> <p>(i) A description of the investment property;</p> <p>(ii) An explanation of why fair value cannot be determined reliably; and</p> <p>(iii) If possible, the range of estimates within which fair value is highly likely to lie.</p>
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) – (iii))	Y	1) Ensure that, even if IP is reflected at cost procedures are put in place to obtain the Fair Value of IP at each Balance Sheet date for inclusion in the notes to the AFS.	1) The disclosure notes relating to IP would provide an indication of the Fair Value of IP which is carried at cost price less accumulated depreciation on the face of the Statement of Financial Position.
IFRS 3 (AC 140)	Business combinations	Entire standard	Y	The municipality does not have this type of transactions.	1) No adjustments will need to be made to the AFS.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	Y	<p>1) Print-outs of the FAR per department must be made and distributed to the Heads of every department. The Heads of departments must scrutinise the FAR applicable to their department and identify assets that meet the criteria for non-current assets held for sale as set out by IFRS 5.6 to 11.</p> <p>2) The Heads of departments must return the departmental FAR, to the CFO and indicate the assets that meet the above mentioned criteria.</p> <p>3) CFO must ensure that every department returned the departmental-FAR and ensure that it has been signed-off as proof that it has been reviewed.</p> <p>4) Scrutinise the fixed asset votes in the GL after year-end up to the date when the financial statements are prepared, to identify assets that are sold after year-end and meet the IFRS 5.6 to 11 requirements at year end. Ensure that these assets are classified as Non-current assets held for sale in the Financial Statements for the year under review.</p> <p>5) Measure and disclose the Non Current Assets held for Sale in accordance with IFRS 5 requirements.</p>	<p>1) Non Current Assets held for sale will no longer be recorded as part of PPE and will not necessarily be carried at cost less accumulated depreciation.</p> <p>2) No current assets held for sale will be recorded as such as part of current assets and will be recorded at the lower of carrying amount and fair value less costs to sell.</p> <p>3) Impairment losses in respect of non current assets held for sale will be recorded in the Statement of Financial Performance if such impairment losses exist.</p>
IFRS 7 (AC 144)	Financial instruments: disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	Y	All the applicable sections regarding the disclosure requirements relating to Financial Instruments as set out in IFRS 7 are adhered to by the municipality, as IAS 32 includes the relevant disclosures that is required by IFRS 7.	No adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 7, due to compliance with the version of IAS 32 that addresses both disclosure and presentation.

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
3 PROVISIONS		
Provision for development aid to local b municipalities	-	-
Provision for performance bonuses	125 220	322 957
Total Provisions	125 220	322 957
Movement in provision for performance bonuses		
Balance beginning of year	322 957	205 929
Contributions	125 220	117 028
Performance bonuses paid to employees	-322 957	-
Balance end of year	125 220	322 957
Opening balances and movements for 2007 restated. (See note 19).		
Movement in provision for development aid		
Balance beginning of year	-	1 167 030
Paid to service providers	-	-1 082 589
Provisions recognised as own income	-	-84 441
Balance end of year	-	-
Opening balances and movements for 2007 restated. (See note 19).		
4 CREDITORS		
Trade creditors	926 042	239 730
Retentions	385 885	868 870
Staff leave	886 507	830 579
Total Creditors	2 198 434	1 939 179
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional Grants from other spheres of Government	14 708 508	18 075 036
LGTF - Local Government Transition Fund Grant	14 982	14 982
HIV&AIDS Grant	6 352 416	6 260 235
LED - Local Economic Development Grant	1 043 502	1 180 702
LED - Local Economic Development Grant Entrepreneurial Development Centre	1 442 477	5 381 897
MSP - Municipal Support Programme Grant	1 364 886	732 428
LED - Local Economic Development Thuthuka Poultry Grant	22 429	53 364
BSRP - Building for Sports & Recreation Programme Grant	451 554	451 554
MSIG - Municipal Systems Improvement Grant	1 946 737	1 568 643
WSP - Water & Sanitation Master Plan Capacity Building Grant	986 199	1 258 554
FMG - Financial Management Grant	397 326	425 840
Gauteng Capacity Building Grant	-	140 997
ITPR - Integrated Transport Plan Railway Study Grant	87 149	87 149
S249 - Construction of Road S249 Grant	1 986	518 691
IDP NSDP - National Spatial Development Perspective Grant	596 865	-
5.2 Other Conditional Receipts	-	128 750
SETA Skills Development	-	128 750
Total Conditional Grants and Receipts	14 708 508	18 203 786
See Note 10 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

6 PROPERTY, PLANT AND EQUIPMENT
30-Jun-08

	<u>Community Assets</u>	<u>Other PPE</u>	<u>Total</u>
Reconciliation of Carrying Value			
	R	R	R
Carrying values at 1 July 2007	-	3 067 227	3 067 227
<i>Cost</i>	-	5 067 027	5 067 027
<i>Accumulated depreciation - Cost</i>	-	1 999 800	1 999 800
Acquisitions	-	1 522 917	1 522 917
Depreciation - based on cost	-	949 288	949 288
Carrying value of disposals	-	116 130	116 130
<i>Cost/revaluation</i>	-	599 463	599 463
<i>Accumulated depreciation</i>	-	483 333	483 333
Carrying values at 30 June 2008	-	3 524 726	3 524 726
<i>Cost</i>	-	5 990 481	5 990 481
<i>Accumulated depreciation - Cost</i>	-	2 465 755	2 465 755

PROPERTY, PLANT AND EQUIPMENT
30-Jun-07

	<u>Community Assets</u>	<u>Other PPE</u>	<u>Total</u>
Reconciliation of Carrying Value			
	R	R	R
Carrying values at 1 July 2006	-	4 801 194	4 801 194
<i>Cost</i>	-	3 456 273	3 456 273
<i>Accumulated depreciation - Cost</i>	-	1 344 921	1 344 921
Acquisitions	-	1 610 754	1 610 754
Depreciation - based on cost	-	654 879	654 879
Carrying values at 30 June 2007	-	3 067 227	3 067 227
<i>Cost</i>	-	5 067 027	5 067 027
<i>Accumulated depreciation - Cost</i>	-	1 999 800	1 999 800

Refer to Appendix A for more detail on property, plant and equipment.

7 LEVY DEBTORS

	2008 R	2007 R
Levy Debtors	-	214 038
Less : Provision for Bad Debt	-	-
Total	-	214 038
Reconcillation of Bad Debt Provision		
Balance at beginning of year	-	626 713
Utilised for writing off bad debt	-	-626 713
Contribution to provision	-	-
Balance at end of year	-	-

8 OTHER DEBTORS

Investment interest accrued	39 811	36 995
Eastern Gauteng Services Council: Distribution account	7 754 333	7 754 333
SARS VAT	568 624	409 919
Deposits	61 000	71 425
Sub Total	8 423 768	8 272 672
Less: Provision for bad debt	-7 754 333	-7 754 333
Total Other Debtors	669 435	518 339

9 BANK BALANCES AND CASH

The Municipality has the following primary bank account: -

Current Account (Primary Bank Account)

Bank: ABSA Bank Ltd
Account Number: 4053347128

Cash book balance at beginning of year / (overdrawn)	34 227 242	37 594 352
Cash book balance at end of year / (overdrawn)	30 128 578	34 227 242
Bank statement balance at beginning of year / (overdrawn)	34 227 242	37 594 352
Bank statement balance at end of year / (overdrawn)	30 128 578	34 227 242

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 GOVERNMENT GRANTS AND SUBSIDIES	2008 R	2007 R
Equitable share	17 750 240	14 986 802
LG SETA	324 730	-
HIV & AIDS Grant	1 990 819	822 674
LED - Local Economic Development Capacity Building Grant	151 200	1 985 837
LED - Entrepreneurial Development Centre Grant	3 939 420	2 054 468
MSP - Municipal Support Programme Grant	367 542	902 984
LED - Local Economic Development Thuthuka Poultry Grant	30 935	108 659
BSRP - Building for Sports & Recreation Programme Grant	-	71 400
MSIG - Municipal Systems Improvement Grant	621 905	868 151
WSP - Water & Sanitation Master Plan Capacity Building Grant	272 355	369 262
FMG - Financial Management Grant	528 514	308 933
Gauteng Capacity Building Grant	140 997	170 636
S249 - Construction of Road S249 Grant	2 890 784	618 647
IDP NSDP - National Spatial Development Perspective Grant	3 135	-
Total Government Grant and Subsidies	29 012 576	23 268 453
10.1 Equitable Share		
This unconditional grant is used as general revenue		
10.2 LG SETA		
Balance unspent at beginning of year	128 750	-
Current year receipts	195 980	128 750
Conditions met - transferred to revenue	-324 730	-
Conditions still to be met - transferred to liabilities (see note 5)	-	128 750
The conditions of the grant have been met. There was no delay or withholding of the subsidy		
10.3 HIV & AIDS Grant		
Balance unspent at beginning of year	6 260 235	2 486 248
Current year receipts	2 083 000	4 596 660
Conditions met - transferred to revenue	-1 990 819	-822 673
Conditions still to be met - transferred to liabilities (see note 5)	6 352 416	6 260 235
The conditions of the grant have been met. No funds have been withheld.		
10.4 LED - Local Economic Development Capacity Building Grant		
Balance unspent at beginning of year	1 180 702	2 086 539
Current year receipts	14 000	1 080 000
Conditions met - transferred to revenue	-151 200	-1 985 837
Conditions still to be met - transferred to liabilities (see note 5)	1 043 502	1 180 702
The conditions of the grant have been met. There was no delay or withholding of the subsidy		
10.5 LED - Entrepreneurial Development Centre Grant		
Balance unspent at beginning of year	5 381 897	7 436 365
Current year receipts	-	-
Conditions met - transferred to revenue	-3 939 420	-2 054 468
Conditions still to be met - transferred to liabilities (see note 5)	1 442 477	5 381 897
The conditions of the grant have been met. There was no delay or withholding of the subsidy		
10.6 MSP - Municipal Support Programme Grant		
Balance unspent at beginning of year	732 428	1 635 412
Current year receipts	1 000 000	-
Conditions met - transferred to revenue	-367 542	-902 984
Conditions still to be met - transferred to liabilities (see note 5)	1 364 886	732 428
The conditions of the grant have been met. There was no delay or withholding of the subsidy		
10.7 LED - Local Economic Development Thuthuka Poultry Grant		
Balance unspent at beginning of year	53 364	162 023
Current year receipts	-	-
Conditions met - transferred to revenue	-30 935	-108 659
Conditions still to be met - transferred to liabilities (see note 5)	22 429	53 364
The conditions of the grant have been met. There was no delay or withholding of the subsidy		

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
10.8 BSRP - Building for Sports & Recreation Programme Grant		
Balance unspent at beginning of year	451 554	522 954
Current year receipts	-	-
Conditions met - transferred to revenue	-	-71 400
Conditions still to be met - transferred to liabilities (see note 5)	<u>451 554</u>	<u>451 554</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.9 MSIG - Municipal Systems Improvement Grant		
Balance unspent at beginning of year	1 568 643	1 436 794
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	-621 905	-868 151
Conditions still to be met - transferred to liabilities (see note 5)	<u>1 946 738</u>	<u>1 568 643</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.10 FMG - Financial Management Grant		
Balance unspent at beginning of year	425 840	234 773
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	-528 514	-308 933
Conditions still to be met - transferred to liabilities (see note 5)	<u>397 326</u>	<u>425 840</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.11 Gauteng Capacity Building Grant		
Balance unspent at beginning of year	140 997	311 633
Current year receipts	-	-
Conditions met - transferred to revenue	-140 997	-170 636
Conditions still to be met - transferred to liabilities (see note 5)	<u>-</u>	<u>140 997</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.12 Road S249 - Construction of Road S249 Grant		
Balance unspent at beginning of year	518 691	1 137 338
Current year receipts	2 374 078	-
Conditions met - transferred to revenue	-2 890 784	-618 647
Conditions still to be met - transferred to liabilities (see note 5)	<u>1 985</u>	<u>518 691</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.13 IDP NSDP - National Spatial Development Perspective Grant		
Balance unspent at beginning of year	-	-
Current year receipts	600 000	-
Conditions met - transferred to revenue	-3 135	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>596 865</u>	<u>-</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.14 LGTF - Local Government Transition Fund Grant		
Balance unspent at beginning of year	14 982	14 982
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>14 982</u>	<u>14 982</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.15 ITPR - Integrated Transport Plan Railway Study Grant		
Balance unspent at beginning of year	87 149	87 149
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>87 149</u>	<u>87 149</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
10.16 WSP - Water & Sanitation Master Plan Capacity Building Grant		
Balance unspent at beginning of year	1 258 554	1 627 816
Current year receipts	-	-
Conditions met - transferred to revenue	-272 355	-369 262
Conditions still to be met - transferred to liabilities (see note 5)	<u>986 199</u>	<u>1 258 554</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

10.17 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2007, no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

11 OTHER INCOME

Ambulance fees	-	94 667
Creditors money recognised as own income	-	201 106
Project savings money money recognised as own income	-	198 387
Provisions money recognised as own income	-	84 441
Retention money recognised as own income	205 301	-
Miscellaneous revenue	103 204	464 500
	<u>308 505</u>	<u>1 043 101</u>

12 EMPLOYEE RELATED COSTS

Salaries and Wages	6 378 656	9 154 193
Contributions for Bargaining Council	1 648	3 330
Cellphone Allowance	223 480	162 350
Housing Subsidy	153 973	261 889
13th Cheques	449 066	793 022
Contributions for Medical Aid	472 287	597 632
Overtime Payments	288 462	432 551
Contributions for Pension and Retirement Funds	1 259 740	1 862 008
Shift Allowance	-	528 156
Performance Bonus	125 220	117 028
Skills Development Levy	90 654	130 312
Travel Allowance	1 756 178	1 498 345
Contributions for UIF	52 587	102 021
Provision for Annual Leave	735 211	703 961
Contributions for Compensation Commissioner	68 006	120 788
Total Employee Related Costs	<u>12 055 169</u>	<u>16 467 585</u>

There were no advances to employees.

Remuneration of the Municipal Manager: appointed 1 August 2004 - resigned 30 November 2007 (5 months)

Salary	161 239	345 600
13th Cheque	31 650	28 000
Leave encashed	76 331	28 870
Travel allowance	54 750	123 000
Housing allowance	31 669	69 954
Pension contribution	23 123	51 840
Performance bonus	134 389	-
Total	<u>513 151</u>	<u>647 264</u>

Remuneration of the Municipal Manager: appointed 1 February 2008 (5 months)

Salary	182 500	-
Travel allowance	51 945	-
Medical aid contribution	6 941	-
Pension contribution	27 375	-
Total	<u>268 761</u>	<u>-</u>

Remuneration of the Chief Finance Officer: appointed 2 January 2002

Salary	325 889	291 000
13th Cheque	27 000	23 500
Leave encashed	22 827	21 334
Acting allowance	22 909	4 232
Travel allowance	101 700	90 000
Housing allowance	59 188	45 220
Pension contribution	70 400	64 020
Performance bonus	102 898	-
Total	<u>732 811</u>	<u>539 306</u>

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
13 REMUNERATION OF COUNCILLORS		
Executive Mayor	428 786	416 097
Speaker	343 028	332 358
Councillors	506 337	448 714
Mayoral Committee's allowances	742 248	740 360
Councillors' pension contribution	130 878	120 278
Total Councillors' Remuneration	2 151 277	2 057 807

In-kind Benefits

The Executive Mayor, Speaker and three Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council. Both the Mayor and the Speaker have use of a Council owned vehicle for official duties. The Mayor has a full-time driver/bodyguard. The Speaker has a full-time driver.

14 GRANTS AND SUBSIDIES PAID

Grant to Nokeng tsa Taemane Local Municipality (Roads Infrastructure)	2 890 784	618 646
Grant to Nokeng tsa Taemane Local Municipality (Sport Infrastructure)	-	71 400
Grant to Nokeng tsa Taemane Local Municipality Regional Cemetery Infrastructure)	-	405 464
Grant to Kungwini Local Municipality (Hawker Stalls Infrastructure)	-	420 537
Grant to Kungwini Local Municipality (Roads Infrastructure)	-	12 180
Total Grants and Subsidies	2 890 784	1 528 227

The grants paid are in the form of special infrastructure projects. It includes the transfer of cash grants.

15 GENERAL EXPENSES

Included in general expenses is the following:-

Advertising	103 928	130 463
Audit fees	373 729	762 100
Cellphones and telephone costs	586 676	746 097
Computer services and consultancy fees	805 562	1 297 792
Entertainment	304 621	189 953
Fuel, oil and other vehicle operating costs	247 471	179 464
Insurance	198 835	261 912
Legal fees	241 257	613 434
Printing and stationery	251 454	228 666
Public relations	227 850	249 937
Rental - offices and buildings	480 000	701 036
Training of councillors and staff	585 756	619 196
Travel and subsistence	1 017 104	505 084
Institutional capacity building and improvement of municipal systems	916 314	902 984
Security services	224 042	270 502
Public participation	159 839	-
Communication strategy	168 950	-
Other	473 732	1 298 857
	7 367 120	8 957 477

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

2008
R

2007
R

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -

16.1 Statutory Funds

Balance previously reported

Asset Financing Fund

1 438 532

Implementation of GAMAP/GRAP

Transferred to Capital Replacement Reserve

1 438 532

16.2 Provisions and Reserves

Balance previously reported

Non-Distributable Reserves:

Capital Receipts

630 111

Asset Financing Reserve

166 670

Total

796 781

Implementation of GAMAP/GRAP

Transferred to Government Grant Reserve

630 111

Transferred to Accumulated Surplus/(Deficit) (see 16.7 below)

166 670

Total

796 781

16.3 Deferred Income

Balance previously reported

Government grants received not yet expensed

18 716 427

Implementation of GAMAP

Transferred to Unspent conditional grants and receipts (see 16.6 below)

18 716 429

16.4 Provisions (current)

Balance previously reported

Development aid - Transfer to Local Municipalities

1 829 017

Accumulated staff leave

1 495 368

3 324 385

Implementation of GAMAP

Development aid transferred to Unspent conditional grants (see 16.3 below)

661 987

Provision for performance bonuses (see 16.7 below)

-205 929

Staff leave transferred to Creditors (see 16.5 below)

1 495 368

Total

1 951 426

16.5 Creditors

Balance previously reported

4 324 689

Implementation of GAMAP

Staff leave transferred from Provisions (see 16.5 above)

1 495 368

Total

5 820 057

16.6 Unspent conditional grants

Balance previously reported

-

Implementation of GAMAP

Transfer from Deferred Income (see 16.3 above)

18 716 429

Transfer from Provisions (see 16.4 above)

1 829 017

Total

20 545 446

16.7 Accumulated Surplus/(Deficit)

Implementation of GAMAP

Transferred to provisions (see 16.4 above)

-205 929

Asset finance reserve no longer permitted (see 16.2 above)

166 670

Total

-39 259

17 CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year

-270 346

739 473

Adjustment for:-

Depreciation

949 289

654 879

Loss on disposal of property, plant and equipment

116 130

-

Interest received

-3 552 992

-2 733 152

Operating surplus before working capital changes:

-2 757 919

-1 338 800

Decrease/(Increase) in levy debtors

214 038

-10 649

Increase/(Decrease) in other debtors

-151 096

2 965 449

Decrease in provisions

-197 737

-1 050 002

Increase/(Decrease) in creditors

259 254

-3 880 878

Decrease in unspent government grants

-3 495 278

-1 174 628

Cash utilised in operations

-6 128 738

-4 489 508

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash

30 128 578

34 227 242

Total cash and cash equivalents

30 128 578

34 227 242

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

19 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2008 R	2007 R
19.1 Unauthorized expenditure		
None		
19.2 Fruitless and wasteful expenditure		
None		
19.3 Irregular expenditure		
None		
20 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
20.1 Contributions to organized local government		
Opening balance	-	-
Council subscriptions	-	34 276
Amount paid - current year	-	-34 276
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
20.2 Audit fees		
Opening balance	-	-
Current year audit fee	373 729	762 100
Amount paid - current year	-373 729	-762 100
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
20.3 VAT		
The net of VAT inputs and outputs receivables are shown in note 8 .	568 624	409 919
All VAT returns have been submitted by the due date throughout the year.		
20.4 PAYE, UIF & SDL		
Opening balance	-	-
Current year payroll deductions	2 391 615	2 990 727
Amount paid - current year	-2 391 615	-2 990 727
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
20.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 915 123	2 626 963
Amount paid - current year	-1 915 123	-2 626 963
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
20.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act		
None		
21 RETIREMENT BENEFIT INFORMATION		
Contributions by Council in respect of Councillor and employees retirement funding have been expended in the year		
All councillors and employees belong to 5 defined contribution retirement funds administered individually, under the statutory protection of the Registrar of Pension Funds. These funds are the Municipal Councillors Pension Fund, the Municipal Employees Gratuity Fund, the Municipal Employees Provident Fund, the Local Government Pension Fund and the National Fund for Municipal Workers.		
22 CONTINGENT LIABILITY		
None		
23 PRIVATE PUBLIC PARTNERSHIPS		
None		
24 EVENTS AFTER THE REPORTING DATE		
None		

METSWEDING DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
25 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures B(1) and B(2)		
AWARDS TO CLOSE FAMILY MEMBERS IN TERMS OF SECTION 45 OF THE SUPPLY CHAIN		
26 MANAGEMENT POLICY		
None		
27 RELATED PARTY TRANSACTIONS		
None		
28 RISK EXPOSURES		
The municipality is at risk in the following areas:		
(i) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.		
(ii) Interest Rate Risk, which is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.		
Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, other debtors, short-term investment deposits and bank and cash balances.		
The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing.		
Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting.		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	-	-
Long-term Receivables	-	-
Current portion of long-term debtors	-	-
Other Debtors	669 435	732 377
Short-term Investment Deposits	-	-
Bank and Cash Balances	30 128 578	34 227 242
Maximum Credit and Interest Risk Exposure	30 798 013	34 959 619

APPENDIX A
METSWEDING DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Closing Balance
Land and Buildings											
Land and Buildings	999 105	0	0	0	999 105	0	0	0	0		999 105
	999 105	0	0	0	999 105	0	0	0	0		999 105
Other Assets											
Furniture and office equipment	1 506 970	341 785	0	-35 740	1 813 015	703 716	284 418	-28 930	959 204		853 811
Computer equipment	1 001 722	1 181 132	0	-563 723	1 619 131	600 585	406 981	-454 403	553 163		1 065 968
Vehicles	1 559 230	0	0	0	1 559 230	695 499	257 889	0	953 388		605 842
	4 067 922	1 522 917	0	-599 463	4 991 376	1 999 800	949 288	-483 333	2 465 755		2 525 621
Total	5 067 027	1 522 917	0	-599 463	5 990 481	1 999 800	949 288	-483 333	2 465 755		3 524 726

APPENDIX B(1)

METSWEDING DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Regional Services Levies	118 358	0	118 358	-	Not budgeted due to levies received from levy payers not registered previously
Interest earned - external investments	3 552 992	2 000 000	1 552 992	78%	In excess of budget due to higher than anticipated cash on hand and higher interest rates
Government grants and subsidies	29 012 576	35 688 685	-6 676 109	-19%	Below budget due to slower than anticipated spending of conditional grants
Other income	308 505	547 000	-238 495	-44%	Below budget due to rental income not realised
Total Revenue	32 992 431	38 235 685	-5 243 254	-14%	
EXPENDITURE					
Employee related costs	12 055 169	14 893 485	-2 838 316	-19%	Below budget due to unfilled vacancies
Remuneration of Councillors	2 151 277	2 202 172	-50 895	-2%	
Bad debts	10 425	0	10 425	-	Unforeseen at the time of budget
Capital costs	0	298 412	-298 412	-100%	Not realised, loan for capital project not taken up
Depreciation	949 289	850 000	99 289	12%	In excess of budget due to increased acquisition of PPE
Repairs and maintenance	674 165	314 500	359 665	114%	In excess of budget due to increased maintenance to buildings
Regional services - Operational	7 048 418	15 433 800	-8 385 382	-54%	Below budget due to slower than anticipated spending of conditional grants
Contributions	0	1 050	-1 050	-100%	
Grants and subsidies paid	2 890 784	1 137 338	1 753 446	154%	In excess of budget due to additional conditional grant received
General expenses - other	7 367 120	8 730 332	-1 363 212	-16%	
Loss on disposal of property, plant and equipment	116 130	1 000	115 130	11513%	In excess of budget due to PPE, mainly computers destroyed during the arson incident 3 April 2008
Total Expenditure	33 262 777	43 862 089	-10 599 312	-24%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	-270 346	-5 626 404	5 356 058	-95%	

APPENDIX B(2)

METSWEDING DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual	2008 Total Additions	2008 Budget	2 008 Variance	2008 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	%	
Land and Buildings						
Land and buildings	-	-	6 000 000	-6 000 000	-100	Not realised, loan for capital project not taken up
	-	-	6 000 000	-6 000 000	-100	
Other Assets						
Furniture and office equipment	341 785	341 785	240 000	101 785	42	
Computer equipment	1 181 132	1 181 132	665 000	516 132	178	In excess of budget due to replacement of PPE, mainly computers destroyed during the arson incident 3 April 2008
	1 522 917	1 522 917	905 000	617 917	168	
Total	1 522 917	1 522 917	6 905 000	-5 382 083	22	

APPENDIX C
METSWEDING DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies received: 2007/2008

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	17 750 240	17 750 240	0	17 750 240	None	Not Applicable	None
Financial Management Grant	National Treasury	500 000	528 514	0	500 000	None	Yes	None
HIV and AIDS	Provincial	2 083 000	1 990 819	0	0	None	Yes	None
LED	Provincial	14 000	151 200	0	0	None	Yes	None
LED - EDC	Provincial	0	3 939 420	0	0	None	Yes	None
MSP	Provincial	1 000 000	367 542	0	0	None	Yes	None
LED - Thuthuka	Provincial	0	30 935	0	0	None	Yes	None
MSIG	DPLG	1 000 000	621 905	0	1 000 000	None	Yes	None
Capacity Building	Provincial	0	140 997	0	0	None	Yes	None
S249	Provincial	2 374 078	2 890 784	0	0	None	Yes	None
IDP NSDP	DPLG	600 000	3 135	0	600 000	None	Yes	None
WSP	Provincial	0	272 355	0	0	None	Yes	None
LG SETA	LG SETA	195 980	324 730	0	0	None	Yes	None
		25 517 298	29 012 576	0	19 850 240			

Equitable Share shown as expended in order that total grant expenditure recognised as revenue balance with Note 10

METSWEDING DISTRICT MUNICIPALITY



METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

METSWEDING DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

INDEX

	Page
Declaration of the Accounting Officer	1
General Information	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Notes to the Annual Financial Statements	7
Appendix A: Analysis of Property, Plant and Equipment	23
Appendix B(1): Actual versus Budget (Revenue and Expenditure)	24
Appendix B(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	25
Appendix C: Disclosures of Grants and Subsidies	26